

Message Text

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PAGE 01 STATE 178441

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TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

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C O R R E C T E D COPY (TAGS OMITTED)

E.O. 11652: N/A

TAGS: APUB, BR

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO BRAZIL

FOR YOAR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 6,851,250 TO ESTIRENO DO NORDESTE, S.A. OF RIO DE JANEIRO, BRAZIL. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, THURSDAY, JULY 31, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 6,851,250 SUPPORTS DOLS 15.2 MILLION SALE OF US EQUIPMENT FOR PETROCHEMICAL PLANT TO BRAZILIAN COMPANY

TO SUPPORT A DOLS 15,225,000 SALE OF US EQUIPMENT AND SERVICES REQUIRED FOR THE CONSTRUCTION OF A PETROCHEMICAL PLANT IN BAHIA, UNCLASSIFIED

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PAGE 02 STATE 178441

BRAZIL, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF

THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 6,851,250 TO FINANCE 45 PERCENT OF THE TOTAL US COSTS. AN ADDITIONAL CREDIT OF DOLS 6,851,250 FROM THE NEW YORK BRANCH OF BANCO DO BRASIL S.A., WILL FINANCE ANOTHER 45 PERCENT OF THE US COSTS. THE OBLIGOR, ESTIRENO DO NORDESTE, S.A. OF RIO DE JANEIRO, BRAZIL, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE US COSTS OF 10 PERCENT OR DOLS 1,522,500

THE PROJECT IS FOR CONSTRUCTION OF A NEW DOWNSTREAM PLANT WHICH WILL HAVE INITIAL PLANNED CAPACITIES FOR 100,000 METRIC TONS PER YEAR OF STYRENE, OF WHICH 45 PERCENT WILL BE FOR INTERNAL USE TO MAKE POLYSTYRENE AND THE REMAINDER TO BE SOLD TO SYNTHETIC RUBBER AND RESIN MANUFACTURERS; AND 45,000 METRIC TONS PER YEAR OF POLYSTYRENE, WHICH WILL BE SOLD TO FABRICATORS OF PLASTIC ARTICLES. TOTAL COST OF THE PROJECT IS ESTIMATED AT SOME DOLS 64.3 MILLION.

THE BADGER COMPANY, INC., OF CAMBRIDGE, MASSACHUSETTS, WILL PERFORM THE ENGINEERING WORK FOR THE STYRENE MONOMER SECTION OF THE PLANT AND ITS RELATED OFFSITES. THE LUMMUS COMPANY OF BLOOMFIELD, NEW JERSEY, WILL PERFORM ENGINEERING WORK FOR THE POLYSTYRENE SECTION. FOSTER GRANT COMPANY, INC., OF LEOMINSTER, MASSACHUSETTS, WILL PROVIDE DESIGN ASSISTANCE, TECHNICAL AND MARKET SERVICES, TRAINING, AND START-UP ASSISTANCE. US EQUIPMENT PURCHASES WILL INCLUDE TANKS, PROCESS VESSELS, DISTILLATION TOWERS, COMPRESSORS, FILTERS, TURBINES, PUMPS, REFRIGERATION MACHINERY, COOLING TOWERS, HEAT EXCHANGERS, MIXING EQUIPMENT, FEEDERS, BLENDERS, EXTRUDER, AND VALVES.

THE LOANS ARE TO BE REPAID IN 16 SEMIANNUAL INSTALLMENTS BEGINNING FEBRUARY 10, 1979. EXIMBANK'S DIRECT CREDIT OF DOLS 6,851,250 WILL BE REPAID OUT OF THE LAST 8 INSTALLMENTS AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 8.5 PERCENT PER ANNUM. REPAYMENT OF THE EXIMBANK LOAN IS TO BE GUARANTEED BY BANCO NACIONAL DE DESENVOLVIMENTO ECONOMICO. UNQUOTE INGERSOLL

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